



Washington State Liquor Cannabis Board Meeting

Wednesday, May 4, 2016, 10:00 a.m.
LCB Headquarters - Boardroom
3000 Pacific Avenue SE, Olympia WA 98501

Meeting Minutes

1. CALL TO ORDER

Chair Jane Rushford called the regular meeting of the Washington State Liquor and Cannabis Board to order at 10:00 a.m. on Wednesday, May 4, 2016. Member Ruthann Kurose was also present. Chair Rushford first acknowledged her fellow Board members and thanked the stakeholders and staff for their contributions.

2. APPROVAL OF MEETING MINUTES

MOTION: Member Kurose moved to approve the April 20, 2016, meeting minutes.

SECOND: Chair Rushford seconded.

ACTION: Motion passed unanimously.

3. PUBLIC HEARING (A-B)

ACTION ITEM 3A – Public Hearing for Alcohol Impact Area Rules.

Karen McCall, Sr. Agency Rules and Policy Coordinator, began the briefing with materials (HANDOUTS) 3A 1-2). She provided background noting over the past several months, board staff held meetings with local governments through the Association of Washington Cities (AWC) and met with representatives from the Washington Beer & Wine Distributors Association (WBWDA). Based on those meetings staff revised the AIA rules as noted below.

Proposed Changes

WAC 314-12-155 Alcohol impact areas-Definitions-Guidelines.

- Clarification of minimum requirements for an alcohol impact area recognition packet;
- Clarification on conditions or restrictions the board may recognize for an alcohol impact area;
- Removal of a minimum alcohol content on restricted products;

- Revisions to the reporting requirements for a local jurisdiction on recognized alcohol impact areas; and
- Clarification of information required in reports to the board from local authorities on recognized alcohol impact areas.

Ms. McCall said she has received some written comments and would like additional time to thoroughly review them and meet with the Board and staff before coming back for adoption.

Chair Rushford asked Ms. McCall to clarify what the change to the reporting frequency is. Ms. McCall said they will be required to provide a report one year after the AIA is approved and every five years thereafter.

Chair Rushford opened the public hearing and invited the first citizen to the podium to provide testimony.

Katie Jacoy – Wine Institute

Ms. Jacoy sent written comments on the provisions of the rule regarding the banned products and would like clarity on what is banned. LCB responded in writing to the written comments and Ms. Jacoy would like additional time to address the concerns raised in reviewing the LCB response. The Wine Institute would like clearly defined standards for what products can be added to a banned products list.

Darren Nienaber – Deputy City Attorney, City of Olympia

Mr. Nienaber would like to thank the LCB staff for the presentation on the AIA rule. Mr. Nienaber would like additional time to send in written comment. Chair Rushford said that the timeline will be extended past the normal two weeks allowed.

Bill Stauffacher – Washington Beer and Wine Distribution Assoc.

Mr. Stauffacher submitted written comments and appreciates the work put into the rule. Three of the priorities that the WA Beer and Wine Distribution Association wanted addressed appear to be included in the proposed rule. They still have a number of concerns and would like to have the rule amended, the concerns are listed in their written comments.

Chair Rushford closed the public hearing and thanked everyone for their input.

ACTION ITEM 3B – Public Hearing for Marijuana Rules to Implement 2015 Legislation.

Karen McCall, Sr. Agency Rules and Policy Coordinator, began the briefing with materials (HANDOUTS) 3B 1-2). She provided background noting the CR 102 with proposed rules was originally filed with the Code Reviser's Office on September 23, 2015. Six public hearings were held around the state to obtain input from stakeholders on the proposed rules. Based on comments from stakeholders a Supplemental CR 102 with proposed rules was filed with the code Reviser's Office on January 6, 2016. A seventh public hearing was held on February 10, 2016. The board received many thoughtful comments from our stakeholders. After reviewing the comments the rulemaking group feels that revisions to the supplemental proposed rules are needed based on the comments we received at the public hearings. The revisions to the proposed rules based on stakeholder comments are as follows:

- WAC 314-55-010 – Revised the definition of "licensed premises".
- WAC 314-55-077 – Removed the requirement that "Mr. Yuk" stickers be placed on all marijuana infused edible products.

- WAC 314-55-079 – Allows marijuana retailers to accept any marijuana product return if the customer has the original packaging.
- WAC 314-55-083 – removed the requirement for the employee's birthdate on their ID badges. Require the employee to have their state issued identification available to verify the information on their ID badge.
- WAC 314-55-520 through 314-55-535 – Removed inventory destruction as a penalty for producers and processors. Made all penalties for producers and processors monetary penalties.

Additional changes to the following rules were also added:

- WAC 314-55-084 Added language that marijuana and marijuana products exposed to unauthorized soil amendments or fertilizers, or marijuana with detectable levels of unauthorized pesticides or plant growth regulators are subject to seizure and destruction.
- WAC 314-55-086 – Added mandatory signs at the point of sale on a retail licensed premises.
- WAC 314-55-135 – Added language that persons operating without a WSLCB approved marijuana licensed location will be discontinued.
- WAC 314-55-410 – Added language that if a person seeking to register a cooperative fails to meet the requirements the WSLCB will deny the cooperative registration. If a registered cooperative violates the requirements of a cooperative the WSLCB will revoke the cooperative's registration. An administrative hearing may be requested in either case.
- WAC 314-55-510 – Added language that failure to address monetary penalties for two or more violation notices in a three year period will result in license cancellation. Licensees failing to respond to a violation or have outstanding fines shall not be eligible to renew.

Chair Rushford said it has been a commitment to due diligence to consider as many comments as we have been able to consider. We are at the phase where we will adopt permanent rules in the next few weeks yet much like the liquor laws, we will continue to refine and adjust as we go.

Chair Rushford opened this eighth public hearing and invited the first citizen to the podium to provide testimony.

Mark Childs - Citizen

Mr. Childs wanted to comment on the warning label requirements. He's concerned about fees and the burden this causes for small producer/processors.

Darren Nienaber – Deputy City Attorney, City of Olympia

Mr. Nienaber said they would like street advertising prohibited.

Chair Rushford closed the public hearing and thanked everyone for their input.

ACTION ITEM 4A – Board Approval for Filing a Pre-Proposal Statement of Inquiry (CR 101) to Implement 2016 Liquor Legislation.

Karen McCall, Sr. Agency Rules and Policy Coordinator, began the briefing with materials (HANDOUTS) 4A 1-2). She provided background noting that this rulemaking is the result of 2016 legislation. New rules-- and revisions to current rules are needed to implement the following legislation:

- SHB 2831 Creates a wine retailer reseller endorsement for qualifying beer and/or wine specialty shop licenses
- HB 2605 Creates a special permit for breweries to conduct private tasting and sales events

- ESSB 6470 Allows domestic wineries to sell their own product at Special Occasion licensed events; Creates a special permit to allow an individual or business to sell a private collection of wine or spirits

Timeline

May 4, 2016	Board is asked to approve filing the pre-proposal statement of inquiry (CR 101)
May 18, 2016	Code Reviser publishes notice, LCB sends notice to rules distribution list
June 15, 2016	End of written comment period
July 13, 2016	Board is asked to approve filing the proposed rules (CR 102 filing)
August 3, 2016	Code Reviser publishes notice, LCB sends notice to rules distribution list
August 24, 2016	Public Hearing held
August 24, 2016	End of written comment period
September 7, 2016	Board is asked to adopt rules
September 7, 2016	Agency sends notice to those who commented both at the public hearing and in writing.
September 7, 2016	Agency files adopted rules with the Code Reviser (CR 103)
October 8, 2016	Rules are effective (31 days after filing)

Ms. McCall then requested approval from the Board to file the pre-proposal statement of inquiry (CR 101) to Implement 2016 Liquor Legislation.

MOTION: Member Kurose moved to approve the filing of the pre-proposal statement of inquiry (CR 101) to Implement 2016 Liquor Legislation.

SECOND: Chair Rushford seconded.

ACTION: Motion passed unanimously.

ACTION ITEM 4B - Board Approval to File Proposed Rules (CR 102) to Revise Chapter 314-29 Penalty Guidelines.

Karen McCall, Sr. Agency Rules and Policy Coordinator, began the briefing with materials (HANDOUTS) 4B 1-3). She provided background noting that as part of the Liquor and Cannabis Board's on-going

rules review process, Chapter 314-29 WAC is being reviewed for relevance, clarity, and accuracy.

Timeline

May 4, 2016	Board is asked to approve filing the proposed rules (CR 102 filing)
May 18, 2016	Code Reviser publishes notice, LCB sends notice to rules distribution list
June 15, 2016	Public Hearing held
June 15, 2016	End of written comment period
July 13, 2016	Board is asked to adopt rules
July 13, 2016	Agency sends notice to those who commented both at the public hearing and in writing.
July 13, 2016	Agency files adopted rules with the Code Reviser (CR 103)
August 13, 2016	Rules are effective (31 days after filing)

The Board thanked Chief Nordhorn for Enforcements contributions on the rule review process to revise the penalty structure.

Ms. McCall then requested approval from the Board to file proposed rules (CR 102) to revise Chapter 314-29 Penalty Guidelines.

MOTION: Member Kurose moved to approve the filing of proposed rules (CR 102) to revise Chapter 314-29 Penalty Guidelines.

SECOND: Chair Rushford seconded.

ACTION: Motion passed unanimously.

5. ADDITIONAL BUSINESS

Chair Rushford then invited citizens to address the Board regarding any issues related to LCB business.

Dave Malone – CenturyLink Field

Mr. Malone wanted to thank Chief Nordhorn and Karen McCall for their work on this rule and indicated that CenturyLink Field is in support of the proposed rule.


ADJOURN

Chair Rushford adjourned the meeting at 10:40.

Minutes approved this 18th day of May, 2016



Jane Rushford
Board Chair



Ruthann Kurose
Board Member

Minutes prepared by: Lisa Faker, Executive Assistant to the Board

LCB Mission - Promote public safety and trust through fair administration and enforcement of liquor, tobacco and marijuana laws.

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